

## LOUISVILLE AND PORTLAND CANAL.

[To accompany bill H. R. No. 13.]

FEBRUARY 10, 1840.

Reprinted, by order of the House of Representatives.

Mr. GRAVES, from the Committee on Roads and Canals, made the following

## REPORT:

*The Committee on Roads and Canals, to whom were referred the petitions of numerous citizens of several States, praying Congress to purchase up the stock held by individuals in the Louisville and Portland canal, and to make the navigation thereof free, have had the subject under consideration, and make the following report :*

That the legislature of Kentucky, in 1825, granted a perpetual charter to a company to construct a canal around the falls of the Ohio river, which was accomplished and ready for use by the year 1831. The work cost \$945,000, which is held in shares of \$100 each; two thousand nine hundred and two of which are held by the Government, and the balance of six thousand five hundred and forty eight are owned by individuals. The stock in this canal was, for years after it was in use, much below par, but has been constantly and repeatedly increasing in value, as the tolls of the canal have from year to year increased. The following table, taken from the last annual report of the company, will exhibit the progressive increase of both the business and tolls of the canal, from the time it was opened up to the 1st of January, 1838, which is as follows :

*Abstract of the boats that have passed, and tolls received on, the Louisville and Portland canal.*

					Amount.
1831,	406 steamboats,	421 flat and keel boats,	76,323 tons,		\$12,750 77
1832,	453 do.	179 do.	70,109 do.		25,756 12
1833,	875 do.	716 do.	169,885 do.		60,736 92
1834,	938 do.	623 do.	162,000 do.		61,848 17
1835,	1256 do.	355 do.	200,413 do.		80,165 24
1836,	1182 do.	260 do.	182,220 do.		88,343 23
1837,	1501 do.	165 do.	242,374 do.		145,224 69
6611		2713	1,103,324		\$475,025 14

From this report it appears that the company, in the year 1837, have declared a dividend of 13 per cent., amounting to \$145,424 69, of which

the Government's portion is \$37,726. Should the tolls of 1838 exceed those of 1837 as far as the tolls of 1837 exceeded those of 1836, the company will be able to declare a dividend of 18 per cent. for the year 1838, and have \$10,000 more to expend in the improvement of the work the present year than was expended last year. The charter of the company limits the dividends to be declared to 18 per cent.; and but for that, should the tolls continue to increase as rapidly as they have in the last year, in seven years from this time the company would be able to declare a dividend of 50 per cent. Hence, it was apparent that the formation of a canal upon the opposite side of the falls would afford a most profitable investment, which caused a company to procure a charter from the State of Indiana to open a canal around the falls in that State. The charter granted by Indiana, like that granted by Kentucky, was perpetual, and allowed the company to declare dividends of 18 per cent. per annum.

The proposed canal upon the Indiana side of the river will be about one mile longer than that on the Kentucky side, and is estimated to cost \$1,462,644, by Mr. Purcell, the engineer employed by the new company to survey the route and make an estimate of its cost. When it is recollected that the proposed canal is one-half longer than the present one, and wider in a still greater proportion, and the general under-estimates of engineers is taken into consideration, the committee suppose it not improbable that the proposed canal will cost, by the time it is completed, \$2,000,000, if not more. Unless the Government shall promptly take some steps indicating a design to purchase up the stock held by individuals in the present canal, with a view of making the navigation of it free, the committee believe the proposed canal will be commenced at a very early day, and vigorously prosecuted until it is completed. In this event, it is confidently believed by the committee, that in a few years both companies will be able to declare dividends upon their stocks of 18 per cent. per annum, which, together with \$30,000 per year, to defray the expenses of superintending and keeping each canal in repair, would run up the amount of annual tolls to be collected off of the navigation of that river, to about 600,000. This sum is equal to the interest, at the rate of four per cent., of \$15,000,000; for about one-twentieth of which the whole stock owned by individuals might be purchased by the Government, the navigation of the canal made free, and the commerce of the west be relieved from a most oppressive and perpetual tax.

Considering that there are twelve of the States of this Union directly interested in the free navigation of this canal, it cannot, and ought not, to be expected that any one of them should attempt this important object; hence, it is supposed it addresses itself with peculiar force to the munificence of the General Government. If the committee be correct in supposing that the Louisville and Portland Canal Company will be able, during the present year, and ever afterward, to declare a dividend of 18 per cent., then their stock is well worth, in ordinary times, \$300 per share; and yet, owing to the great depressions of stocks, the scarcity of capital in the west, together with the fact that the Government, by purchasing up less than one-sixth of the stock held by individuals, will have the power to control both the price of tolls and the value of the stock, the committee think stock enough to give the Government the control of the canal could be purchased at less than \$150 per share—perhaps at \$125 per share.

The committee believe it was as much the duty of the National Government to have made this canal originally, as it was to make other improvements upon that or any other river, by deepening sand bars or removing snags; and having failed to do it, and left its accomplishment to private enterprise, the duty to make it free now by an appropriation from the Federal Treasury, is as great as it was originally to execute the work. The only distinction that can be taken in the two sorts of improvement, is the difference in the amount of money requisite for the accomplishment of them.

If, at an early period in this country, from a scarcity of funds or other sufficient cause, instead of appropriations from the National Treasury, for such purposes, charters with perpetual privileges had been granted to private companies to improve the harbors of our different seaport cities, and to build light houses upon our coast, and it was seen, from the rates of tolls which the companies were allowed to collect, an annual tax was about to be imposed upon each of our great commercial cities, equal to \$600,000, and that this could be avoided by advancing but a little more than that sum to each, with an absolute certainty of having it all refunded, with interest, in seven or eight years, it is supposed but few, if any, would oppose an appropriation for such a purpose, even if a temporary debt should have to be created for the purpose.

If the Overslaugh in the Hudson river, for the improvement of which Congress has, in the last three years, appropriated \$270,000, should become an impassable obstruction to the navigation of that river, and could only be obviated by a canal; or if, from some convulsion of nature, an impassable obstruction should be created in the Ohio river, the great natural highway for twelve States, and a canal around it were the only means of obviating it, the committee suppose but few, if any, would refuse their assent to an appropriation for such a work; yet it is supposed that the canal around the falls of the Ohio river, is an exactly analogous work; and still a great diversity of opinion seems to have existed upon the subject of the Government's purchasing up the stock held by individuals in the Louisville and Portland canal, with a view of making its navigation free.

The committee admit that every portion of the Union has a general interest in all the appropriations made for the navy, harbors, fortifications, light-houses, rivers, and roads; but that it is equally true that the regions where appropriations for such purposes are made, have, in addition to that general interest, a peculiar special interest. Hence it is supposed, in appropriations which this Government shall hereafter make, it is due that some regard should be had to the appropriations heretofore made to the different quarters of the Union. Considering of this application from the west, in reference to the consideration alluded to, the committee think there are peculiar and weighty obligations resting on the National Government, to make the appropriation asked.

The longer the purchase of this stock is delayed, the greater will be the cost of procuring it; and hence, in the opinion of the committee, it is important that the purchase should be made forthwith.

If, however, Congress should feel disinclined at this time to make an appropriation large enough to buy out the entire private stock in this canal, the committee would recommend an appropriation of a sum sufficient to purchase up as much of the stock of individuals as would give to the Government the control of the tolls and the value of the stock, not with a view of

exercising the power unjustly or in bad faith, but purely for the purpose of depriving the holders of the residue of the stock from extorting from the Government an exorbitant price.

Next in importance to making an appropriation out of the Treasury towards purchasing up at this time the individual stock, is the adoption of some measure evincing a fixed purpose on the part of the Federal Government finally to accomplish the important object of making the navigation of that canal free. This should be done in justice to the interests of the company recently chartered by the legislature of Indiana, who have already incurred a trifling expense preliminary to the commencement of their work; and who, as the committee have learned from one of their directors and agents who visited this city, and was before the committee on the subject, are anxious to know the intention of Congress upon this subject, as upon its decision would depend their movements.

If Congress should be disinclined to make a direct appropriation out of the Treasury towards this object, but will authorize to be appropriated to it the past and future proceeds of the Government stock in the present canal, in two or three years from this time the Government would own a majority of the stock. But if only the future proceeds of the Government stock, and that which was collected in 1837, and is not paid over, should be appropriated, then, in between three and four years the same result would take place.

If the Government should purchase out the entire interest held by individuals, and choose to exact tolls at the present rate, the committee believe in between seven and eight years a sufficient amount will have been collected to reimburse the whole sum that will have been appropriated towards acquiring the stock, with the six per cent. per annum interest thereon, from the dates of the respective appropriations; and then have the power, without the loss of a cent, (by ceasing to collect tolls, more than enough to improve, keep in repair, and superintend the work,) to relieve the commerce of that river from a perpetual annual tax of between five and six hundred thousand dollars.

It has been urged as an argument, that, by the purchase by the Government of the individual stock in the Louisville and Portland canal, and making it free, other sections of the country would have the same right to demand of Congress to release them in the same manner from the payment of tolls collected by canals in their vicinity. This argument, it is supposed, when analyzed, will be found to have no foundation. There is no other canal in this Government, except that around the Muscle shoals, that is situated in any respect like this, and that, it must be recollected, has been commenced, and is proposed to be accomplished by the Government of the State of Alabama, out of means furnished by the National Government, upon condition that no more tolls were to be collected than would be sufficient to pay for superintending and keeping it in repair.

The committee are unable to perceive upon what principle of justice the National Government should afford to the State of Alabama, the means to make a free canal, to obviate, in the Tennessee river, the obstruction created by the Muscle shoals, which will have cost, by the time it is completed, between one and a quarter and one and a half millions of dollars; and appropriate \$270,000 to obviate the obstruction created by the Overslaugh to the navigation of the Hudson river, without exacting, in return, any thing from the commerce of that river, and still continue to exact tolls off of the com-



merce of the west, for the navigation of the canal around the falls of the Ohio river.

But the propriety of the proposed appropriation is still more apparent, when it is recollected that the State of Kentucky, through which the canal passes, and in the free navigation of which her citizens feel themselves so deeply interested, constituting more than one-eighteenth of the whole Union, and, it is to be presumed, having paid a full proportion of the revenues of the Government for the forty years she has been a member of the Union, is the only State in the Union that has never had one dollar appropriated in her limits to the great national objects of fortifications, light-houses, and internal improvements, as appears from a report of the Secretary of the Treasury, made, in obedience to a call of Congress, in 1835.

The committee suppose that the rapidly increasing commerce of the Ohio river will require an additional set of locks, and the enlargement of the capacity of the canal; but these improvements can be accomplished, they understand, upon a scale adequate to the demands of commerce, for a great number of years to come, by one or two years of tolls, at the present rates. The committee, for the foregoing reasons, report a bill making an appropriation of an amount which they suppose will be sufficient to purchase up the stock held by individuals in the Louisville and Portland canal.

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A BILL to authorize the purchase of the stock held by individuals in the Louisville and Portland canal, and to make the navigation thereof free.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury be, and he is hereby authorized and directed to purchase, in the name of the United States, the shares of stock held by individuals in the Louisville and Portland Canal Company: *Provided,* That each share shall not cost a sum exceeding one hundred and twenty-five dollars, and that eight hundred and eighteen thousand five hundred dollars be, and are hereby appropriated for that purpose.

*Sec. 2. And be it further enacted,* That, when the said purchase shall have been completed, it shall be the duty of the said Secretary to appoint a superintendent of said canal, whose compensation shall be fixed by law, and whose duty it shall be to take proper care of the canal.

*Sec. 3. And be it further enacted,* That the tolls to be received on said canal, after the stock thereof shall have been purchased in the manner aforesaid, shall be so regulated as to be in no event more than sufficient to pay for the superintendence, improvement, and keeping in repair said canal.

